Report on Gasoline Prices in British Columbia

Submitted by Committee to Review Gasoline Prices in British Columbia

November 1999

Hon. Ujjal Dosanjh
Attorney General
Room 232
Parliament Buildings
Victoria, BC V8V 1X4

November 19, 1999

Dear Attorney:

Enclosed please find the report of the Committee to Review Gasoline Prices in British Columbia.

The committee fulfilled its mandate by hearing from British Columbians, meeting with industry representatives, and reviewing previous studies of the gasoline industry. We make several recommendations to assist consumers, addressing competition issues at both the retail and wholesale levels in the industry.

On behalf of the committee, let me thank you for the opportunity to engage in this review.

Yours truly,

Ed Conroy

Ed Conroy, MLA
Chairperson

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Mandate of the Committee

On April 12, 1999 the Attorney General of British Columbia, as minister with responsibility for consumer issues, appointed a committee of three MLAs to review gasoline prices in the province. The committee consisted of:

- Ed Conroy, Chair, MLA (Rossland-Trail)
- Erda Walsh, MLA (Kootenay)
- Jack Weisgerber, MLA (Peace River South)
- Neil Reimer, Review Co-ordinator

The terms of reference for the committee were:

1. to review previous studies on gasoline and diesel fuel prices;
2. to identify the factors that make up the retail price of gasoline and diesel;
3. to compare the retail prices of gasoline in various locations around British Columbia; and
4. to advise the Attorney General regarding the fairness of gasoline pricing practices and make recommendations to assist consumers.

These terms of reference excluded alternative fuels such as propane, ethanol and natural gas. Likewise, the committee did not investigate the exploration and drilling functions of the industry.

The committee's task was a review of the competitiveness of the industry.
It is important to note that the committee was not authorized to investigate allegations of price-fixing, collusion or other illegal activity. These areas fall under the jurisdiction of the federal government, specifically the Competition Bureau, and the committee had neither the resources nor the legal authority to investigate them.

In July of this year, a significant gasoline price increase occurred across Canada. This event brought the issue to the forefront of Canadians' minds. Some media reports left an impression that the committee had been appointed specifically to investigate this price increase. While the increase was one issue relevant to the committee's work, the goal of this report is to provide information and analysis of general trends in the industry.

Committee Process

The committee placed advertisements in daily and weekly newspapers across British Columbia, inviting written submissions from the public. It decided not to engage in public hearings, primarily for reasons of cost.

The committee also met with representatives of the major oil companies, independent retailers, as well as industry analysts and other observers of the oil and gas industry. The results of this consultation process are summarized below.

The committee would like to thank all those who participated in this review.

Summary of Findings

The gasoline industry is a major part of the Canadian economy. It includes upstream activities (exploration and drilling for crude oil) and downstream activities (refinement, distribution and sale of gasoline). The industry in British Columbia and Canada is dominated by a few major companies. There has been a great deal of change in the industry over the past 15 to 20 years.

During its review, the committee found that gasoline prices are an emotional issue for many British Columbians. A majority of public submissions to the committee indicated a belief that uniformity of prices in a single market means that major oil companies are engaging in some form of price-fixing or collusion. Most felt that prices are artificially high. In addition, gasoline is viewed by most as a necessity rather than a luxury item, and the act of purchasing it is not viewed as pleasurable in the way that purchasing other commodities is. The motoring public in British Columbia is extremely price-sensitive and not generally loyal to any particular brand.

There is a large gap between the visibility of retail prices and the relative invisibility of what makes up that price. Industry representatives are aware that the public regards their pricing practices with suspicion.

The committee heard from representatives of major companies, who outlined the structure of gasoline prices and argued that they operate under market pressures. They pointed to the returns on investment for their companies at the retail level in recent years as an indication that prices are not exorbitant. They also argued that uniform prices in a single market indicate competition for market share rather than collusion, because Canadians are very price-conscious when buying gasoline.

Traditional independent retailers, who purchase most of their wholesale gasoline from Canadian major companies, argued that major companies keep wholesale prices relatively high to prevent independents from being price-competitive or expanding market share. They feel that the Competition Act is insufficient to protect their businesses, and that a below-cost selling law is necessary for their survival.

The committee found that, at any one time, prices will vary considerably in different retail markets in the province. Some markets' prices are very volatile, while others are largely static.

The committee also found that some retail gasoline markets in the province are very competitive, the primary example being the Lower Mainland. Other markets, especially in

smaller communities in the Peace region, the Kootenays, and the Sunshine Coast, do not exhibit the same signs of competitiveness.

In addition, the wholesale market for gasoline is quite concentrated. This has been noted as a problem in a number of previous studies.

The committee understands the need for public policy regarding fuel prices to balance the self-regulating mechanisms of the marketplace with appropriate government oversight. The committee believes that robust competition in the marketplace is preferable to direct government intervention in setting prices or enacting other regulatory controls. However, a range of policy options remains available to address problems in the industry. These options include:

- no intervention;
- providing more price information to consumers;
- enacting statutes to increase competition at different levels of the industry, like the divorcement law that exists for the domestic beer industry;
- establishing a regulatory body;
- developing price controls.

The committee believes the recommendations in this report, if implemented, would help to foster more vigorous competition in some retail markets, assist some retailers with greater access to wholesale gasoline, and promote greater awareness of pricing practices in the industry.

Summary of Recommendations

1. That the provincial government review and formally respond to the report of the 1996 Commission of Inquiry on gasoline.

2. That the Province monitor the work of the Régie de l'énergie in Quebec in administering that province's below-cost selling law.

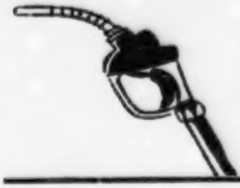
3. That the Province examine ways to develop infrastructure such as bulk storage and tidewater loading facilities to diversify sources of wholesale refined gasoline.

4. That the Province examine ways to reduce exit barriers for independent retailers. This may include working with the federal government and industry to establish a petro fund. Any funding that is established should have clear eligibility requirements for retailers.

5. That the provincial excise tax on gasoline be dedicated to highway infrastructure in the province, and that the Province urge the federal government to do likewise with the federal excise tax.

6. That integrated companies report refinery and retail operations separately, to enhance price transparency.

7. That industry provide the British Columbia public with general information about transportation costs to their communities.



2. OVERVIEW OF THE GASOLINE INDUSTRY

Canada's oil and gas industry is a major part of the country's economy. The industry is divided into two categories of operations: upstream (exploration and drilling for oil) and downstream (refining, distributing and marketing).

The petroleum products industry in Canada directly employs an estimated 150,000 people. National demand for motor gasoline in 1998 was 37.4 billion litres, while demand for diesel was 21 billion litres.[1] These figures represent a two per cent increase over demand in 1997 for gasoline, while demand for diesel remained static. In British Columbia, demand for motor gasoline was constant at 4.7 billion litres for all grades in 1997 and 1998, while demand for diesel was just over three billion litres. The industry employs an estimated 13,000 British Columbians directly and 18,000 indirectly.[2]

A Brief History of the Industry

The petroleum products industry has undergone a great deal of change over the last 20 years.[3]

In the 1970s, worldwide prices for crude oil were relatively high, due to high demand and significant dependence upon the production of OPEC countries. Profit margins at both the wholesale and retail levels also were relatively high. One of the results of the "oil shock" of this time was a more aggressive search for crude oil deposits by non-OPEC countries. As these efforts bore fruit and more crude oil became available on the world market, the price of crude decreased. At the same time, automobile manufacturers began building more fuel-efficient cars, which slowed the demand for gasoline.

The result was diminishing returns for the petroleum products industry in the 1980s. The industry trend in Canada since that time has been to rationalize operations by:

- closing some refineries;
- upgrading the capacity of remaining refineries;
- reducing the number of retail outlets, but increasing their size and adding ancillary services such as convenience stores, car washes, bank machines and customer rewards programs;
- de-coupling retail gasoline sales from automotive repairs.

Along with these rationalizations, a more aggressive stance was taken by the major oil companies towards independent retailers. The major companies attempted to make gains in the retail market, and each stage in the production, distribution and sale of gasoline was

[1] Canadian Petroleum Products Institute, Annual Review 1998, and Statistics Canada.

[2] Source: Canadian Petroleum Products Institute.

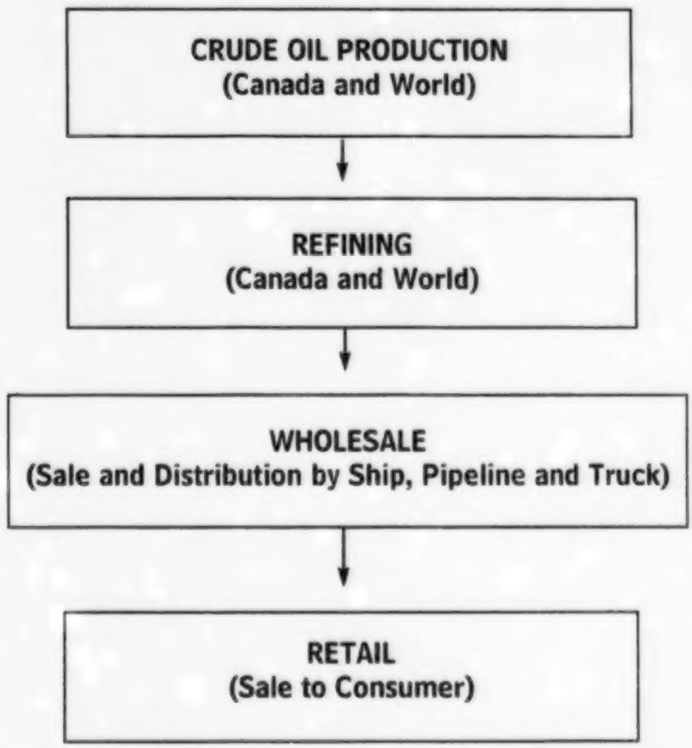
[3] Information for this section was provided to the committee by submissions from industry and independent retailers, and through a review of previous studies.

examined for its profitability.[4] This included reducing credit terms and raising wholesale margins, thereby reducing the working retail margin for independents.

The most recent trend in the industry has been the entrance into the Canadian retail market of a new type of independent retailer. Large companies such as Canadian Tire, Costco, Safeway and others are not traditional retailers of gasoline, but have begun to operate retail outlets. The impact on the marketplace of these new independents is discussed below.

Structure of the Industry

As the chart below indicates, there are four stages in the process of creating gasoline for retail sale: the production of crude, the refining of crude, the wholesale market for refined gasoline, and the retail market.



Crude oil is a commodity that is traded **internationally**. Canada produces only a small fraction of the world's crude, although Western Canada's production makes it effectively self-sufficient. The price of crude is determined in world markets, and Canadian crude producers have little influence over it.

The refining/wholesale segment of the industry is **regional** in nature, and can generally be divided into Western Canada, Central Canada and the Maritimes. The refining sector is also

[4] See Report of the Liberal Committee on Gasoline Pricing in Canada, Ottawa, June 1998, pp. 14–15, with references to industry analysts' comments.

influenced by corresponding regions in the United States, such as Seattle/California for B.C.; Minneapolis for the Prairies; Buffalo and Detroit for southern Ontario; and New York for central Canada and the Maritimes.

Gasoline retailing is **local** in nature, and the characteristics of retail markets vary widely. Urban markets today generally feature large retail sites with a high volume of sales. They are also likely to have large convenience stores, car washes and automatic banking machines. Companies are more likely to invest in upgrading their urban sites because of the larger market for their products. Most non-urban markets are composed of relatively smaller sites with fewer pumps and a lower volume of sales.

Gasoline Refining and Distribution

Refineries produce a range of petroleum-based products from crude oil, including motor gasoline, diesel, heating oil, asphalt, jet fuel, lubricants and other products. The refining process for motor gasoline involves breaking down the elements of crude, then re-combining them and adding octane and other performance additives. Diesel is a lower-grade distillate of the refining process.

There are 18 refineries operating in Canada, with a capacity of approximately 1.8 million barrels per day, or 40 billion litres per year. Imports to Canada of refined gasoline were about 2 billion litres in 1998, while exports were about 5 billion. Canada is thus a net exporter of refined gasoline.

In British Columbia, the refining segment of the industry has changed dramatically during the 1990s. In 1990 there were five refineries, which produced almost 100 per cent of the gasoline sold in British Columbia. Today, there are two active refineries: the Husky refinery in Prince George and the Chevron refinery in Burnaby. Most of the crude oil fed to these refineries comes from outside the province, primarily from Alberta. Together, these two refineries produce less than half of the gasoline sold in the province. The majority is refined in Edmonton and shipped to British Columbia through the Trans-Mountain Pipeline, which has terminals in Kamloops and Vancouver; product is then distributed by truck to retail outlets.[5] There are also significant rail and tanker shipments to communities in the province.

The three major national refiner-marketers of gasoline are Imperial Oil, Petro-Canada and Shell. There are also regional refiners, including Chevron and Husky in British Columbia; Irving in the Maritimes; Co-op in Saskatchewan; and Nova, Sunoco and Ultramar in Ontario and Quebec.

Refiners set wholesale prices through a mechanism known as the rack (derived from the loading rack, which symbolizes the point of sale). The "rack price" is the posted price under which a refiner will sell to a customer. In reality, however, the actual price at which wholesale gasoline is sold will vary, depending upon the supply agreement that is negotiated between buyer and seller. Volume discounts are common, and the supply agreement may or may not include delivery. Branded retailers also may pay a premium for the association with the brand—for example, the national advertising done by the company. The rack, therefore, is an industry mechanism to broadcast a benchmark price for refined product.

[5] Jaccard report, p. 12, and Shell submission.

Gasoline Retailing

The structure of the retail gasoline market in Canada is complex, and there is no single classification scheme for the various types of retailers. There are clearly three major national companies (Shell, Petro-Canada and Imperial Oil), which are also often referred to as "integrated" because they refine, distribute and retail gasoline. There are also regional companies that are integrated but do not operate across Canada; Chevron and Husky are examples of this type of company. Independent retailers do not produce their own refined product, but purchase it through supply agreements.

The table below indicates the variety of commercial arrangements under which gasoline is retailed.[6]

Ownership and Operation of Retail Gasoline Outlets

	Company Owned & Operated	Commission Retailer	Lessee Operation	Independent Branded Retailer	Independent Non-branded Retailer
Who owns the station?	oil company	oil company	oil company leases to retailer	third party or retailer	third party or retailer
Whom does the retailer work for?	oil company	self	self	self	self
Who hires staff?	oil company	retailer	retailer	retailer	retailer
Whose products are sold?	oil company's	oil company's	oil company's	oil company's	anyone's
How is the retailer paid?	salary	commission per litre	station margin	station margin	station margin
Who sets prices?	oil company	oil company	retailer	retailer	retailer

There are five general arrangements under which gasoline is retailed. The most straightforward is a company-owned and operated site, where supply, staff, sale of products and price are all set directly by the company.

The second and third columns in the table outline how commission retailers and lessees operate. The primary difference between the two is that a commission retailer earns a straight commission per litre of gasoline sold, while a lessee is responsible for maintaining the station's margin. Thus, a lessee will set the station's price, while a commission retailer will not.

Independent retailers take two forms: branded and unbranded. In both cases, the retailer (or a third party) actually owns the station, and the retailer is self-employed and responsible for staff, services and prices. The primary difference is that a branded independent will sell only a particular company's products, and will have that company's signage, rewards programs, etc. The non-branded independent may buy his or her gasoline from any source.

[6] Source: British Columbia Commission of Inquiry report, p. 15.

Both branded and non-branded retailers receive their gasoline through a supply agreement. These agreements vary, based on local market conditions and the wholesale price of gasoline.

Major companies directly set the price at about half the retail outlets in the province. While lessees and independents set the retail price at their stations, it is important to note that the cost of the gasoline they purchase at wholesale is a primary influence on their retail prices. The relationship between independent retailers and the major companies who are usually their suppliers is discussed below.

There is also a new type of market entrant, which may be termed the "new independents." These are companies that do not refine their own product, but sell it at retail as a complementary item to their main business. Examples of new independents are Costco, Canadian Tire, Sears and Safeway.

Gasoline and diesel also are sold at cardlock facilities, where customers have access through the use of swipe cards or keys. For gasoline, cardlock sales amount to only a small percentage of the total volume sold—approximately 10 per cent. The proportion of diesel sold at cardlocks is significantly higher; this is partly due to the use of cardlocks by trucking firms whose vehicles are major users of diesel fuel.

The Retail Market in British Columbia

As with Canadian markets generally, British Columbia's retail gasoline market is dominated by a small number of integrated companies. The major companies operating in B.C. are Shell, Petro-Canada, Imperial Oil, Chevron and Husky/Mohawk. Together, they account for about 85 per cent of gasoline sold, counting both company-operated and branded independent retailers.[7]

Other gasoline retailers range from single-site owners to large commercial chains to mass merchandisers and the so-called "hypermarkets"; the latter two sell gasoline as a secondary product rather than as their primary good.

Type of Retailer	Number of Retail Outlets
Major Companies[8] (Chevron, Imperial Oil Petro-Canada, Shell, Arco)	961
Large Chains (e.g., Husky/Mohawk, Save-On Super Save, 7-11)	371
Independents (traditional and new)	181
TOTAL	1,513

The new independents do not operate a large number of retail sites, but they are a growing segment of the retail industry.

[7] Industry estimate.
[8] For this table, retail outlets for major companies include branded independents.

The majority of retail sites are located in Vancouver and the Fraser Valley. The distribution of sites across the province is approximately as follows:

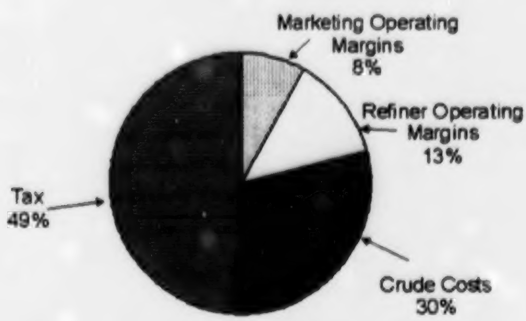
Vancouver/Fraser Valley	**58%**
Vancouver Island	**15%**
Okanagan/Kamloops	**14%**
Prince George/Prince Rupert	**8%**
Other Regions	**5%**

The number of retail outlets has been shrinking in British Columbia and across Canada for several years. In 1997 there were 1,644 retail sites in the province. In 1998 that figure had fallen to 1,612, and in August of this year there were 1,513.[9]

The Components of Retail Gasoline Prices

The price consumers pay at the pumps for gasoline is determined by four factors: price of crude oil, refining margin, retail margin, and taxes. The chart below indicates the Canadian average proportion of each factor in the price of a litre of gasoline. In this graph, "marketing operating margins" refers to the margin above cost for the gasoline retailer, and "refiner operating margins" includes transportation costs of wholesale gasoline.

Regular Unleaded Pump Price Margins and Components – July 1999



Based on a Canadian average pump price of 59.0 cents/litre
Data Source: MJ Ervin Associates

Using the graph above as a base, in British Columbia, for the price of 59.0 cents/litre, the following breakdown of real costs applies:

Crude	**19.0 cents**
Refiner Operating Margin	**8.9 cents**
Marketing Operating Margin	**6.0 cents**
Taxes	**25.1 cents**
Federal excise	**(10.0 cents)**
Federal GST	**(4.1 cents)**
Provincial excise	**(11.0 cents)**

These proportions will fluctuate at times. The recent increase in the price of crude oil, for instance, means that it now accounts for 4.6 cents/litre more than it did before the July price increase.

[9] Source: *Octane*

Gasoline taxes account for a significant percentage of the cost of gasoline, and include provincial and federal excise taxes plus the federal Goods and Services Tax. The excise taxes are constant at 11 cents/litre for British Columbia and 10 cents/litre for the federal government; they do not fluctuate with changes in the overall price of gasoline. The GST, at seven per cent of the total retail price, does change in real terms when the price changes. In Vancouver, there is a 4 cents/litre transit levy, while Victoria has a similar levy of 2.5 cents/litre.

The provincial government collected approximately $800 million in gasoline excise taxes in 1998, and spent slightly more than that amount on the province's transportation infrastructure, including highway maintenance and capital construction.[10] The federal government annually collects about $750 million in fuel taxes, but last year spent less than $1 million on British Columbia highways.

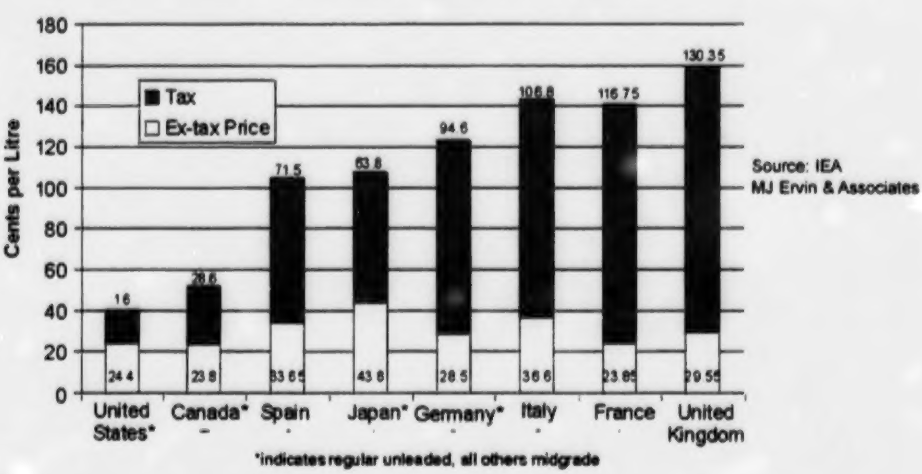
Recommendation: That the provincial excise tax on gasoline be dedicated to highway infrastructure in the province, and that the Province urge the federal government to do likewise with the federal excise tax.

An International Perspective

Gasoline taxes in Canada are higher than those in the United States, but significantly lower than in most other developed countries. As the chart below indicates, our prices (in 1998) including taxes were higher than those in the United States by an average of 12 cents/litre, but lower than the other six countries surveyed.

In addition, it is worth noting that the ex-tax price in Canada is competitive internationally. For 1998 it was the lowest of the countries surveyed, being slightly less than that in the United States, France and Germany, and considerably lower than in the United Kingdom, Japan, Spain and Italy.

International Retail Gasoline Prices 1998



[10] Source: Statistics Canada; British Columbia Transportation Financing Authority; British Columbia Ministry of Transportation and Highways.

3. SUBMISSIONS TO THE COMMITTEE

The Committee received 132 written submissions from representatives of the major oil and gas companies, independent gasoline retailers, and public interest groups and individuals. For clarity, these groups' submissions are summarized separately below. The substantive issues raised by the submissions are addressed in section 6 of this report.

Submissions from the general public

The committee received over a hundred written submissions from the general public, as well as numerous phone calls. Renewed interest in the committee's mandate came with the nation-wide price increase in July. The committee continued to receive and acknowledge submissions during this time, though many arrived after the published deadline for submissions. A number of people submitted their current local prices, and some included detailed information regarding price histories in their community.

Many submissions expressed anger at the level of gasoline prices, and some telephone callers were abusive, indicating the emotional response many drivers have to gasoline price increases.

A clear majority of respondents feel that gasoline prices are too high. A majority also believe that gasoline price-fixing is common, or that major companies engage in some form of price collusion. For most, the evidence of uniform prices in a given area is sufficient for them to hold this belief.

The majority of respondents were from outside the Lower Mainland, primarily the Sunshine Coast, the Cariboo and Peace regions, and the Kootenays. Many in smaller communities complained of paying higher gas prices than urban centres, yet being more dependent on their vehicles in the absence of well-developed transit systems.

Many respondents simply asked questions about how gasoline is priced. The most common questions were:

- Why do prices in my community change so rarely/frequently?
- Why is the price different in the next town, which is nearby and approximately the same size?
- Why don't prices change when the price of crude oil goes down?
- Why is the price of diesel so close to that of regular gasoline, when diesel is cheaper to produce?
- What is the justification for the price difference between different grades of gasoline?

Some respondents believe that government currently plays a role in setting gasoline prices, either through direct regulation or by setting a "floor" below which prices cannot fall. A few respondents suggested that government intervene not to set actual prices, but to impose restrictions on when and by how much prices can change. And some argued strenuously

against regulation, believing that any government intervention would be an unwarranted interference into the marketplace.

Many commented that they believe that gasoline taxes are too high, and questioned where this money goes. A number of people, by contrast, argued that gasoline taxes should be higher in order to discourage fossil fuel use and help fund better public transit systems. Concerns were expressed about gasoline additives such as MMT and MTBE, for both health and vehicle warranty reasons; there also are fears that potential environmental costs associated with these additives may drive up gasoline prices in the future.

Some seniors expressed concern to the committee over the scarcity of stations with full service. This was echoed by a submission from the Coalition for People with Disabilities.

A number of people questioned the value of the committee's work, feeling that scrutiny of the industry would not change current practices.

Submissions from Independent Retailers

The committee met with representatives of the Independent Retail Gasoline Marketers Association (IRGMA), as well as with a number of individual independent retailers. Their concerns about the state of the industry and the role of the traditional independent have been expressed to previous committees in a number of provinces, as well as to the federal government.

Traditional independent retailers feel strongly that they are unable to compete effectively because of the domination of the industry by a few players at both the retail and wholesale levels. Because independents by definition do not produce their own refined product, they purchase it from refiners. Approximately 90 per cent of independents' refined product comes from Canadian refineries, which in most cases are the major companies against which they compete at retail.[11] The committee was provided with information indicating that retail profit margins have shrunk substantially over the last number of years, but that wholesale or refinery margins have remained relatively higher. IRGMA provided information regarding independent retailers across Canada who have left the industry.

The independents argue that by keeping the wholesale price relatively high and keeping retail margins low, major companies effectively prohibit independent retailers from being price leaders or gaining market share.[12]

A major problem for traditional independents, then, is obtaining secure access to refined product from sources other than their competitors.

Independent retailers feel that the Competition Act is insufficient to protect their livelihoods. They are strong proponents of below-cost selling laws. These laws generally prohibit selling a product at retail for a price below what is set at wholesale. In its submission, IRGMA pointed to below-cost selling laws that exist in a number of U.S. states.

[11] IRGMA letter to industry ministers, May 1999.

[12] A similar criticism has been made in California, where hearings were recently held to investigate price differences in different regions of the state.

Submissions from Major Companies

The committee met with representatives of Imperial Oil, Shell, Petro-Canada and Chevron. Husky/Mohawk declined the committee's offer to meet. The committee also met with representatives of the Canadian Petroleum Products Institute, which represents major refiner-marketers of gasoline in Canada.

Industry representatives provided the committee with a great deal of information about the structure of the industry. They argued that gasoline is not an over-priced commodity, and that retail gasoline prices have declined in real terms (i.e., adjusted for inflation) since the 1950s.

The retail market in Canada, they submitted, is intensely competitive, with major companies competing with each other and independents for market share in a very price-conscious marketplace. This, they argued, explains why prices are often uniform in a given area: price-conscious consumers will nearly always buy from the lowest-priced retail outlet.

They further submitted that retail price changes may be due to any one of a variety of factors, including changes to crude oil prices; seasonal demand for motor gasoline; supply issues such as refining efficiencies; and local market conditions. They argued that the key indicator of price-competitiveness is the volume of gasoline sales (throughput) at a particular site. The higher the volume of sales, the lower the retail margin can be. Industry rationalizations since the 1980s, they submitted, have been directed towards increasing throughputs and other efficiencies; in recent years, this has increasingly meant expanding on-site convenience stores and adding other services.

4. PREVIOUS STUDIES ON GASOLINE PRICES

Part of the committee's mandate was to review previous studies on the gasoline industry. There have been a number of these studies by both provincial governments, the House of Commons and the federal Competition Bureau.

British Columbia's Commission of Inquiry, 1996

The most significant recent study in British Columbia was conducted in 1996 by Dr. Mark Jaccard, who headed a Commission of Inquiry into a price increase of that year. The committee reviewed his report and met with him. The inquiry, which included a research team and independent econometric analysis, issued a report with findings and recommendations.

The inquiry found that, in general, all sectors of the gasoline industry are subject to competitive pressures, but that the industry fails to be as aggressively competitive as it could be.[13]

Crude oil prices over the previous 15 years were found to have had a downward trend, and the refining and distribution segments of the industry, while quite concentrated, were found to be in line with the North American market generally. The retail market was found to be relatively competitive. The inquiry also noted that the downstream segments of the industry had not earned high returns in previous years.

As with this committee's review, the inquiry heard concerns regarding the level of wholesale competition, specifically prices charged to independent retailers, and about price differences in the province's regions.

The inquiry recommended that the government not pursue market regulation or direct intervention, but that it focus on improving wholesale price competition. A means to this end was seen to be helping independent retailers access alternative wholesale gasoline supplies.

The inquiry report was released in September 1996. The committee is concerned that the provincial government did not formally respond to the inquiry's recommendations.

Recommendation: That the Province review and formally respond to the 1996 Commission of Inquiry report.

[13] Commission of Inquiry report, p. 48.

Other Studies

The 1996 Commission of Inquiry is the only recent study specific to British Columbia. However, the issue of the competitiveness of the industry, as well as specific investigations of complaints of price-fixing, have been the subject of frequent study in other jurisdictions in Canada.

The Competition Bureau, which administers the Competition Act, has issued a number of reports respecting the industry. Some relate to investigations of formal complaints under the act, while others examine more general issues relating to the industry. These studies are generally econometric in nature. Two studies were undertaken in response to an allegation of price-fixing in 1996.[14] They examined the relationship between retail price changes and crude oil changes. Both found that changes in crude oil prices were passed on to consumers; neither found evidence to support the allegation.

A more recent study prepared for the bureau examines the broader question of competition in both the retail and wholesale segments of the industry.[15] This study found that market concentration (i.e., fewer competitors in a given market) generally leads to higher prices; however, the presence of independents versus major companies in a given market was not found to be a factor. The study also found that changes in wholesale gasoline prices are closely related to changes in crude oil prices.

It is important to note that these studies all take a selection of major cities across Canada as their data sample, and thus do not generate findings that directly apply to smaller communities.

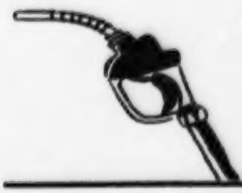
The Newfoundland Consumer Advocate issued a report in 1997 on the gasoline industry in Newfoundland and Labrador. It noted the trend towards fewer retail outlets with higher throughputs. It also found that some smaller communities were not benefiting from the increased efficiencies that result from larger sites with convenience stores, and thus were likely to continue experiencing relatively higher prices. Some price variations were found to be explained partly by cost factors, others by market factors; the latter included lower throughputs, lack of convenience stores, and in some very small markets, too few competitors.

The Consumer Advocate recommended a number of monitoring activities for government, including monitoring and publication of retail prices. The Advocate also recommended the construction of an independently owned and operated storage facility to assist independents in accessing wholesale gasoline, and assistance for some retailers to reduce financial barriers for exiting the market, which consist primarily of the cost of environmental cleanup (site rehabilitation).

The federal Liberal caucus formed a committee to examine gasoline prices. The committee reported in June 1998, after holding extensive hearings. However, only two hearings were held in Western Canada, in Edmonton and Calgary. The report is supportive of the position of traditional independents, and makes a number of recommendations on their behalf. It also makes recommendations regarding greater disclosure of financial information by major companies and a petro fund to assist retailers with exit barriers.

[14] Dr. George Lermer, *Evaluation of the Six Residents' Allegation of Price-fixing in the Canadian Petroleum Industry*, November 18, 1996; and Ken Hendricks, *Analysis and Opinion or Retail Gas Inquiry*, October 30, 1996. Both are published by Industry Canada.

[15] Anindya Sen and Law and Economics Consulting Group, *Wholesale and Retail Competition in the Canadian Petroleum Industry: An Econometric Analysis*. March 1999. Published by Industry Canada.



5. GASOLINE AND DIESEL PRICES IN BRITISH COLUMBIA'S REGIONS

The committee was appointed in part because of complaints from rural regions of the province that their gasoline prices were either too high relative to prices in the Lower Mainland, or that their prices were static and thus gave no indication of any real competition between retailers.

During its review, the committee gathered data on current and historical gasoline prices across British Columbia. The information discussed in this section is represented in the graphs included in the Appendix. The price histories are from 1996 to mid-1999. Earlier price histories can be found in the 1996 B.C. Commission of Inquiry report.

Prices were found to differ between communities, sometimes considerably, and price histories were found to be very volatile in some communities and relatively static in others.

The community with by far the most volatile recent price history is Vancouver. Evidence before the committee indicates that this is due primarily to the entrance into that market of Arco Products Canada Ltd. (a subsidiary of the Arco company in the United States) and the reaction of existing retailers.

In January 1998, Arco purchased SuperSave, and now operates 26 stations under the Arco brand, with another six stations still branded SuperSave. Arco pursued its traditional strategy of undercutting its competition in order to gain market share, and to operate stations that sell relatively high volumes of gasoline. The response of existing retailers was to match the prices set by Arco rather than to concede market share. What ensued was a fierce and prolonged price war, where all companies were, at times, selling gasoline to consumers at a loss. That price war effectively ended in the summer of 1999, although Lower Mainland prices continue to fluctuate.

Of the communities in the Interior, Prince George exhibits the greatest price variation, and generally has lower prices than other communities. This may be due in part to the presence of the Husky refinery there, and the number of companies competing for market share. Likewise, Terrace demonstrated evidence of vigorous price competition during periods of 1998 and early 1999.

By contrast, some British Columbia communities exhibit little price variation. The most striking examples are Dawson Creek and Fort St. John. The average prices in Fort St. John, for example, did not change from January 1997 to May 1999, holding constant at 60 cents/litre. Dawson Creek, likewise, exhibited very little price variation.

The committee also received information regarding the diesel market in British Columbia. Diesel prices generally fluctuate less than gasoline prices, and in no region of the province was there any indication of a price war over diesel. The highest average diesel prices were

on the Sunshine Coast, at 57 cents/litre. The lowest were in the greater Vancouver area, where diesel prices fluctuated between 47 and 53 cents/litre between 1996 and 1999.

The consumer market for diesel is generally less competitive because there is less demand. Most motorists do not drive diesel vehicles, and the bulk of diesel sales is by commercial arrangement, through card-lock facilities and other negotiated contracts.

Explaining Regional Price Differences

Some of the cost factors for retail gasoline described in section 2 of this report are constant across British Columbia markets. These include crude oil costs and, for the most part, refiner costs. Federal and provincial excise taxes also are constant; Vancouver and Victoria prices include an additional transit levy of 4 and 2.5 cents/litres, respectively.

What, then, explains price differences in different communities?

There are two main categories to explain this: cost factors and market factors.

Transportation of refined product to the retail market is an important cost factor. The committee received evidence that this can vary from less than one cent/litre to nearly five cents/litre for very remote communities.[16] For most communities, it is in the two to three cents/litre range.

These variations result from three factors: method of transportation, number of facilities to pass through, and distance. Pipeline is the cheapest method of transportation, followed by train, then truck. A community located near a pipeline, or that receives its product directly by rail, will have lower costs than a community that requires pipeline/rail transportation, then trucking to a holding facility, then trucking to the retail outlet. Distance travelled by truck is also a factor.

The committee obtained some information regarding relative levels of transportation costs between different regions in the province. This information is not generally available to the public. Since transportation costs are often cited as a reason for regional price variations, the committee believes the public should obtain access to transportation data. However, the committee is also sensitive to the proprietary nature of some of this information.

Recommendation: That industry provide general information to the British Columbia public about transportation costs to their communities.

Another cost factor is site cost. Large urban sites have relatively higher land and rent costs, and site upgrading is a significant expenditure for both major companies and independents alike. These costs, though, are offset by the relatively higher throughputs at those sites.

[16] Source: industry submission.

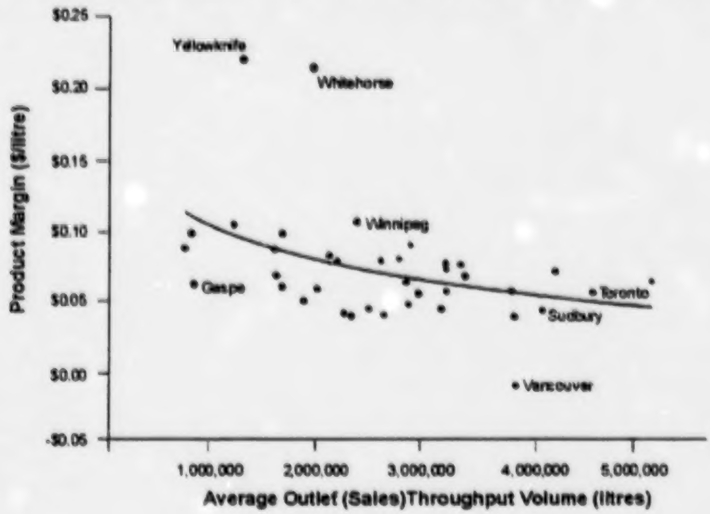
There are also a number of local market conditions that affect the pump price. They include:

- volume of gasoline sold per site (often referred to as throughput);
- income from ancillary services, such as convenience stores;
- number and location of competitors;
- size of the market;
- retail margins.

Statistical evidence indicates that there is a strong correlation between throughput and pump price. Since the operating expenditures of a retail site such as staff, rent, electricity, etc. are largely fixed, a site with greater throughput can survive on a lower profit margin than a site with relatively less throughput.

Relationship of Product Margin to Average Outlet Throughput: 1998

Product Margins reflect a weighted average of all grades "rack to retail" (less freight cost) margins



Source: MJ Ervin & Associates

This chart indicates the national trend towards lower retail margins in centres with higher average throughputs. Vancouver, in this case, has the fourth-highest average throughput but by far the lowest margin; in fact, it is below zero, which is atypical and is due to the price war that began in 1998.

The relationship between throughput and margins can be illustrated by the following. If the operating cost of a site is $100,000 per year and the retail margin is five cents/litre, throughput has the following effect on revenue:

Volume	x	Margin	=	Gross Revenue
1,000,000L		$0.05		$ 50,000
2,000,000L		$0.05		$100,000
3,000,000L		$0.05		$150,000
4,000,000L		$0.05		$200,000

It is clear that a site pumping an average four million litres per year has much more flexibility regarding retail margin than a site pumping one million litres per year: it could have a retail margin one-quarter that of its competitor and still match gross revenue. Throughputs vary dramatically across British Columbia. The highest throughput average by far is for Vancouver, while smaller communities tend to have lower throughputs.[17]

Community	Ave. Throughput (million litres)	Throughput Range (million litres)
Vancouver	4.4	0.10 – 5.15
Abbotsford	3.7	0.84 – 6.27
Kamloops	3.2	0.37 – 4.59
Victoria	3.1	0.25 – 4.17
Kelowna	2.7	1.26 – 5.14
Cranbrook	2.7	0.76 – 5.08
Nanaimo	2.2	0.93 – 4.50
Terrace	2.0	0.42 – 4.06
Dawson Creek	1.8	0.26 – 3.44

What this table indicates is that, along with relatively higher average throughputs in larger urban centres, throughputs within a local market vary widely. Vancouver exhibits the greatest variance, where at least one station had a throughput of 100,000 litres, while others were over five million.

To survive with a low throughput requires a higher retail margin, lower costs or additional revenue from non-gasoline sources.

Additional revenue usually comes from on-site convenience stores. The industry trend has been towards larger convenience stores selling a greater range of products. The retail margin on items such as candy and cigarettes is higher than on gasoline, and thus convenience stores earn a proportionally greater return.

Likewise, the size of the retail market has an influence on prices. As noted, larger markets tend to have higher throughputs per station. These higher throughputs are themselves the result of larger, more efficient retail sites that result from greater site investments by major companies. Major companies are more likely to both own and operate sites in major markets than in smaller communities. And as the Vancouver price war indicates, companies will compete aggressively for market share in a large market.

What emerges from this study is that there are very different retail gasoline environments: Greater Vancouver is the exemplar of the large, competitive market, while Fort St. John typifies the relatively uncompetitive smaller market. Most other British Columbia communities fall somewhere in between these two examples.

[17] Source: industry submission. The figures represent industry-wide averages.

6. INDUSTRY PRICING PRACTICES AND CONSUMER FAIRNESS

This section addresses a number of issues that the committee believes are relevant in determining whether consumers are being well-served by the gasoline industry.

Competitiveness of the Industry

As described earlier in this report, the gasoline industry at both wholesale and retails levels in British Columbia is dominated by a few companies, and thus it can be characterized as an oligopoly. In British Columbia, market shares of the major companies vary from approximately 15 per cent to 30 per cent. No single company has more than 30 per cent of the market. Oligopolies can function as effective monopolies if the companies do not compete against each other. However, the mere presence of an oligopoly does not necessarily mean an anti-competitive environment.

A common public perception is that uniformity of prices in a single market means that some form of price-fixing or collusion is occurring. The committee has found, though, that uniformity of prices may be instead an indication of the extreme price-sensitivity of the motoring public. Simply put, if consumers choose the lowest posted price for gasoline, retailers are obliged to match the lowest price in a given area. Retail outlets that do not price-match their competitors will lose substantial business. Information from one company indicates that an outlet will lose 65 per cent of its business when priced eight-tenths of a cent higher than nearby competitors.[18]

Uniform prices do not, however, necessarily indicate extreme price competition. As we have seen, uniform prices in smaller communities over a long period of time appear to be evidence of relatively uncompetitive markets.

Companies have indicated that they devote resources to tracking their competitors within a given area. While specific procedures differ, for outlets where the company sets the price, retail operators are responsible for monitoring competitors' prices within a given location and reporting changes to the company. The company will then respond, based on the pricing strategy it has developed for that area.

Based on the information obtained directly from industry representatives and from earlier studies of the industry, the committee finds that retail gasoline markets in British Columbia show signs of competitiveness. However, the committee also finds that some retail markets show less evidence of price-competitiveness than others.

In particular, the committee finds that the market in Vancouver and the Lower Mainland is extremely competitive. The entrance of Arco and the resulting price war indicate the value companies place on retaining market share in a retail market as large as Vancouver's.

[18] The price-sensitivity of consumers now includes the Internet, with at least two Web sites offering information on the cheapest gasoline prices in various communities in the province.

It is also clear that major companies are investing large amounts of money in upgrading retail sites in major centres. These upgrades include direct payment machines at the pumps, larger convenience stores, and in some cases, entering into partnerships with other retail companies to share sites. The future of gasoline retail outlets appears to involve selling gasoline at a site along with a range of other consumer goods.

By contrast, markets in smaller communities exhibit less evidence of price competition. Not only are prices higher (once the GVRD transit levy is factored in), but they tend to remain relatively static. For example, Fort St. John's average retail price did not change from January 1997 to May 1999.

The "small market conundrum" arises for a number of reasons:

- smaller populations;
- relatively high numbers of retail outlets;
- usually higher transportation costs for wholesale product;
- a lower proportion of company-owned sites, which tends to result in less investment in upgrading sites and upgrading volumes;
- lower throughput per site, requiring higher retail margins.

A proliferation of smaller sites with lower throughputs means that each site operator needs a higher margin in order to stay in business.

There is no easy solution to this situation. One possible benefit to these smaller communities would be for inefficient retailers to exit the market. The resulting fewer stations would have higher throughputs and could operate with a smaller margin. However, this still requires the remaining retailers to actively compete for business.

What Are Fair Prices?

Many British Columbians who gave submissions to the committee expressed a deep suspicion that prices they are paying at the pumps are not fair, and that they are held hostage to high prices by a small number of large companies that do not effectively compete against each other.

Trying to determine what constitutes a fair price for gasoline is very difficult. The 1996 British Columbia Commission of Inquiry defined fair gasoline prices as prices that occur naturally (i.e., without regulation) as a result of vigorous price competition:

> By this it is meant that vigorous price competition will ensure that a given good will be priced at a level that covers the costs of producing the good as efficiently as possible (at the lowest possible cost), including a return to invested capital that reflects the risks involved in producing the particular good in question.[19]

The inquiry went on to discuss the difference between short-run and long-run prices, noting that short-run divergences from long-run price averages are common in most markets; thus, "what becomes important is how quickly the market reacts to higher or lower prices."[20] This reinforces the need to take a reasonably long price history into account before making judgments about a particular market.

[19] Commission of Inquiry report, p. 49.

[20] Ibid., p. 49.

It is beyond the committee's resources to do an econometric analysis of all British Columbia retail markets in order to determine what would constitute fair prices in those markets. In addition, it would require receiving detailed company financial information, which these companies view as proprietary and would be unlikely to share.

One example of an attempt to determine fair prices is in Quebec, which recently created a regulatory body called the Régie de l'énergie. This body enforces a below-cost selling law in that province. The Régie recently concluded hearings to determine the necessary operating costs of an efficient retailer, as part of its mandate in determining "floor prices" and minimum margins for retailers. The Régie received a variety of information from retailers about what constitutes the necessary costs of doing business. Its work on this is continuing.

Recommendation: That the Province monitor the work of the Régie de l'énergie in Quebec in administering that province's below-cost selling law.

On the face of it, what constitutes a reasonable return will vary from station to station. A reasonable return on gasoline for a large site with a major convenience store and ATM will be lower than for a smaller site that depends primarily on gasoline sales for revenue.

The committee therefore has turned to more general indicators of industry profitability to determine the fairness of prices in the province. This is explored in the next section.

There are two sub-issues regarding fair prices that the committee feels it should address. The first concerns the difference in prices between regular, mid-grade and premium gasoline. Mid-grade and premium gasoline sales account for approximately 28 per cent of total gasoline sales in British Columbia. Mid-grade is generally five cents/litre higher than regular, while premium is generally 10 cents/litre higher. The 1996 British Columbia Commission of Inquiry found that these price differences could not be explained simply as a matter of cost of production. Further, the Inquiry found that they had more than doubled during the period from 1990 to 1996. [21]

In discussions with the committee, industry representatives acknowledged that the differences were a combination of added cost and acceptance of the higher prices by a portion of motorists who desire higher-grade fuel. However, a number of people who made submissions to the committee argued that higher-grade fuel is necessary for their vehicles to perform well.

Accordingly, the committee urges gasoline retailers to employ cost-based pricing on mid-grade and premium gasoline.

The second sub-issue concerns a common complaint by consumers about prices, namely that changes in retail prices do not correspond directly to changes in crude oil prices, and that oil companies make excess profits at periods when crude prices fall by delaying reductions in retail prices.

[21] Inquiry report, pp. 46–47. In 1990, mid-grade averaged 2.2 cents/litre more than regular; by 1996 it averaged 5.1 cents/litre. For premium, the differences were 4.6 cents/litre in 1990 and 9.2 cents/litre in 1996.

This particular issue has been much studied. In a review of prices from 1995 to mid-1996, the B.C. Commission of Inquiry found that there was a delay in retail price response of approximately one month, but that the delay was the same for both price increases and decreases. However, it also found that retail price increases exceeded those of the crude oil increases.[22] Studies commissioned for the Competition Bureau have found that wholesale prices closely tracked crude oil prices[23] and that 100 per cent of changes to crude prices are passed on to consumers in most cities, although the lag times varied across cities.[24]

It is important to note that, without exception, the data for these studies is price changes in major Canadian markets like Vancouver, Regina, Toronto, Montreal, etc. Smaller markets do not form part of the data model. Given the price histories for smaller B.C. communities, it seems to be the case that retail prices do not correspond as directly to changes in crude prices.

Unanticipated changes to crude costs may produce a different result from anticipated changes.[25] Refiners can react only after an unanticipated price change, but are able to plan for an anticipated price change (for example, by adjusting production schedules). The impact on retail prices therefore may be greater for an unanticipated price change.

In July of this year, prices increased across Canada and in other countries as well.[26] Part of this increase was due to an announcement by OPEC countries that they would be restricting output of crude, which had the effect of raising the value of crude oil worldwide. At the same time, there were disruptions at a major refinery in California, which had an impact on supply on the West Coast of North America. This, obviously, was an unanticipated event, and the committee has heard that refined gasoline was being imported to California from as far away as Rotterdam. These restrictions on supply of both crude and refined gasoline resulted in the price increase.

Major Oil Companies' Profitability

One indicator of fair prices for a product is the return generated by the sale of that product.

The committee examined the profitability of the three major publicly-traded companies: Petro-Canada, Imperial Oil, and Shell. Chevron, which is privately owned, declined to provide profit figures. The information received by the committee indicates that the 1990s have not been a period of high profits for the major companies. The average return on capital employed for these three companies over the last five years (including both upstream and downstream activities) varies from a low of 5.7 per cent to a high of 12.86 per cent. Downstream activities alone yield averages of eight per cent to nine per cent.[27] The returns for the early 1990s were particularly low; the last three to four years have been relatively more profitable.

---

[22] Inquiry report, p. 27.

[23] Sen, "Wholesale and Retail Competition in the Canadian Petroleum Industry", p. 12.

[24] Hendricks, "Analysis and Opinion on Retail Gas Inquiry", pp. 5–9.

[25] Ibid., p. 5.

[26] In Italy, for example, price increases brought retail prices to nearly Cdn $2.00/litre, resulting in demands for direct market regulation by government (*International Herald Tribune, October 11, 1999*).

[27] Company annual reports and industry submission.

The companies' share price performance, when compared to the Toronto Stock Exchange 300 Index, indicates that all three companies' shares generally produced shareholder returns higher than the index, but not by a large factor.[28]

Over the last five years, companies' downstream activities have, on average, been more profitable than total operations. Company reports do not describe refining operations separate from retail operations, making it impossible for the public to discover the specific margins at the refinery level as opposed to the retail level.

Traditional independent retailers expressed quite strongly the view that they are experiencing "margin squeeze"; that is, that major companies keep refinery margins artificially high and keep retail margins low, effectively preventing independents from being price leaders or increasing their market share. The committee received information about refining and retail margins that indicates that both retail and refining margins have shrunk, from about 11 and seven cents/litre, respectively, in 1991 to 6.7 and 4.4 cents/litre in 1998. However, refining margins are consistently higher than retail margins.

Recommendation: That integrated companies report their refinery operations separately from their retail operations, to enhance price transparency.

Role of the Independent Retailers

The role of independent retailers and their ability to operate in the industry is one of the most difficult issues the committee faced. Traditional independents confront a number of competitive issues in the industry today. These were listed in the section on submissions to the committee. In addition, the committee received numerous complaints involving specific contractual issues between independents and major companies. The committee did not feel it was within its mandate to investigate these complaints, although they informed the committee's general view of the industry.

A major problem, which has been highlighted in past studies of the industry, is the fact that independents must buy nearly all their supply from Canadian refineries, which are owned and operated by companies against which they compete at retail. Diversifying sources of refined gasoline may increase competitiveness at the wholesale level. This will likely require developing infrastructure such as a bulk gasoline storage facility. Independents may benefit from co-operative ventures in this area.

Recommendation: That the Province explore ways to develop infrastructure such as bulk storage and tidewater loading facilities to diversify sources of wholesale refined gasoline.

[28] Major chartered banks, by comparison, typically reported returns on shareholder value several times that of the TSE 300 index.

The committee also has found that the new independents (mass merchandisers such as Sears, Canadian Tire, Costco, Safeway, Superstore and Overwaitea) are increasing their market presence and acting as disciplining force on the retail market. Because they offer gasoline as a complementary good, they are able to operate with extremely low margins. Information received by the committee indicates that the new independents currently operate 29 outlets in the province, and that this number is increasing.

The entrance of the new independents puts downward pressure on retail prices in some markets. It affects both major companies and independents, but the effect is proportionally greater on traditional independents because they generally lack the resources to sustain low margins, nor do they have significant alternative revenue streams, as the majors do.

The question for the committee is, what is best for the consumer? Some traditional independents have already left the market, and undoubtedly more will follow. However, the committee believes there is an ongoing role for traditional independents, and that a greater diversity of wholesale suppliers will increase the opportunities for independents to offer price advantages to consumers.

Exit Barriers

The committee also has received information that shutting down a retail site is expensive, primarily due to the necessity of soil rehabilitation, removal of tanks, etc., and that some marginal operators remain in business because exit costs are prohibitive. This situation benefits no one: a market with too many operators results in lower throughputs and therefore a need for higher margins. The consumer benefits if inefficient operators exit a market, since remaining operators should experience higher throughputs.

A "petro fund" to assist operators in leaving the market should help alleviate this situation. Any funding that is established should be clearly aimed at retailers who are permanently leaving the market and exclude site cleanup costs related to spills or other accidents.

Recommendation: That the Province examine ways to reduce exit barriers for retailers. This may include working with the federal government and industry to establish a petro fund. Any funding that is established should have clear eligibility requirements for retailers.

7. GLOSSARY OF TERMS

Ancillary good – a product or service other than gasoline sold at a gasoline retail outlet. Margins on ancillary goods are usually higher than on gasoline.

Below-cost selling law – a law that prohibits a company from selling a product for a lower cost at retail than it costs to produce at wholesale, if the intent is to remove competitors from the retail market.

Divorcement law – a law that prohibits companies in an industry from selling products at both wholesale and retail levels. For example, major breweries in Canada are prohibited from operating retail liquor establishments.

Downstream – oil industry activities apart from exploration and drilling; include refining, transportation and retail sale of gasoline.

Ex-tax price – the retail price of gasoline minus all applicable taxes.

Independent – a retailer that does not refine its own gasoline, but purchases it from another company. Independents may be branded (advertise and sell one company's brand of gasoline) or unbranded (exist under their own name and sell any brand of gasoline).

Integrated company – an oil company that refines and markets gasoline. Many integrated companies also explore and drill for crude oil.

Margin – the difference between net sales and the cost of the product sold. For the oil and gas industry, this is usually expressed in cents per litre.

Rack price – the posted wholesale price at the refinery.

Outlet – a retail gasoline station.

Price uniformity – the existence of identical prices in a given area or market.

Throughput – annual volume of gasoline sold at a given retail site.

Upstream – exploration and drilling activities of the oil industry.

APPENDIX

- LIST OF PARTICIPANTS
- PRICE HISTORIES FOR SELECTED BRITISH COLUMBIA MARKETS

LIST OF PARTICIPANTS

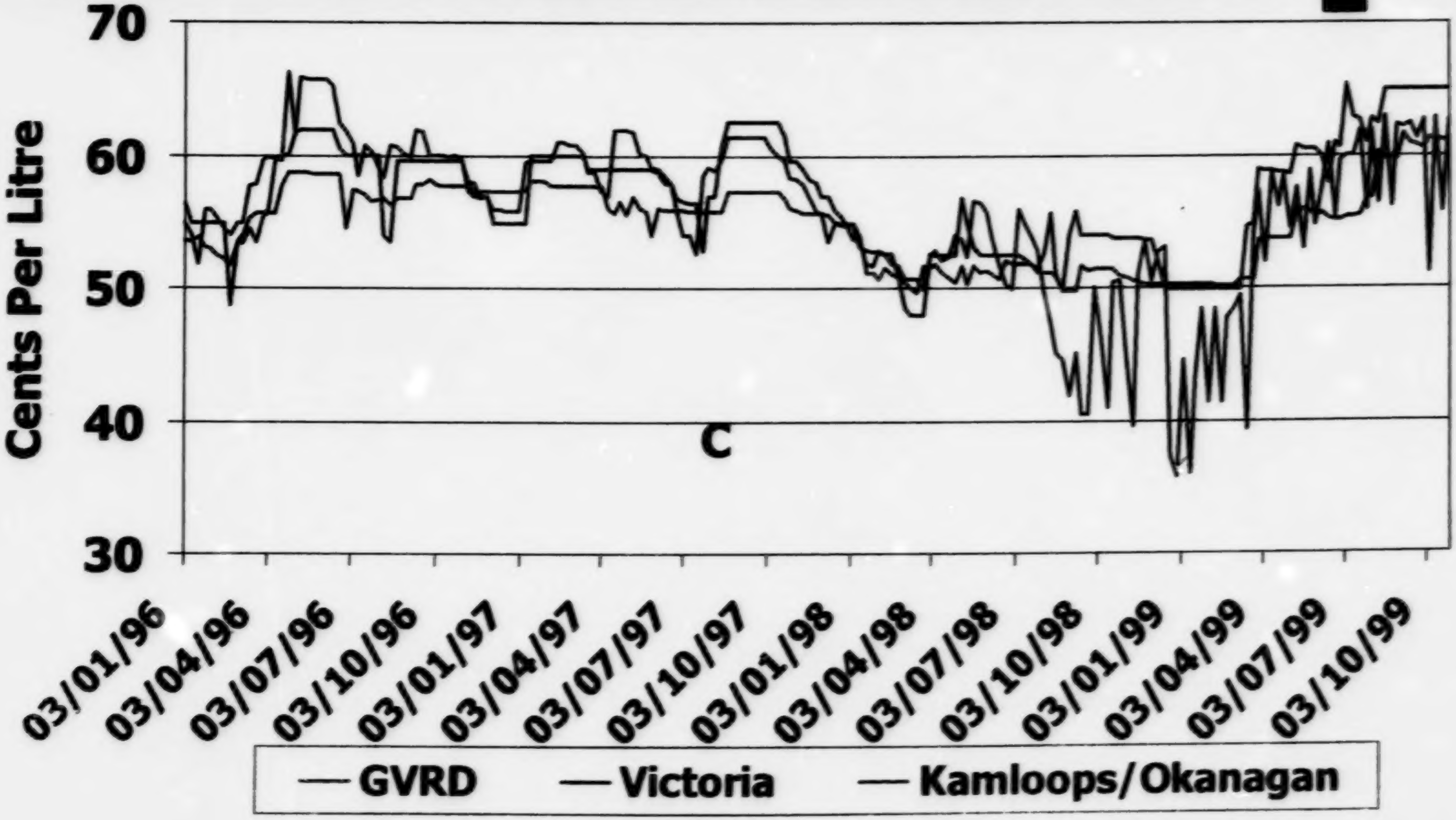
- Anonymous, Dease Lake
- Phil Asby, Montrose
- Ann Ashley, Vancouver
- Tony Barber, North Vancouver
- Lucille Bates
- Frank Battista, Vancouver
- Marion Beetstra, Nanaimo
- Terry Blaney, Shell Canada, Calgary
- Guenter Blatt, Vancouver
- Loren Bloom, Powell River
- Wes Boulding, Kelowna
- Liz Boyer, Quesnel
- Athol Brandar, Hart Highway Mohawk
- K. Brewster, Kelowna
- Tillman Briggs, Victoria
- Margareta Butler, Powell River
- Liz Calder, Fort St. John
- Lindsay Calvert, Nelson
- Ken Cameron, Beaverdell
- Alan Catt, Fort Nelson
- Jennifer Champion, Vancouver
- Jerry Clark, Harrison Hot Springs
- D.G. Cunliffe, Powell River
- Dave Daust, Burns Lake
- Hugh Devitt, Victoria
- John Drew, Nanaimo
- Edward Dunn, Blubber Bay
- Earl Ebbert, Campbell River
- Sharen Edwards, Delta
- Gerard Farry, Salt Spring Island Community Planning Association
- Irene and Frank Fedrick, Oliver
- Susan Ferguson, Surrey
- E. Flannery, New Westminster
- Jamie Forbes, City of Trail
- R.A. Forsen, Mill Bay
- Dave Francis, Richmond
- Hillas Francis, Westbank
- Don Gilman, Salt Spring Island
- John Gough, Victoria
- R. Brian Grant, Creston
- Jeannene Hadikin, Qualicum Beach
- Allan Harvey, White Rock
- Rolf Heiberg, Borderline Lumber Service, Grand Forks
- Joni Heinrich, Town of Gibsons
- Douglas Hill, East Kootenays Snowmobile Federation, Cranbrook
- Toni Hirsch, Winfield
- Robert Hoadley, Port Alberni
- Martin Hodge, Trail
- David Hodgins
- Mrs. J. Hordal, Kamloops
- Chuck Husel, Ultra Fuels Ltd., Burnaby
- Dr. Mark Jaccard, Vancouver
- Barry Janyk, Gibsons
- Fred Jarvis, District of Taylor
- Harry Johnson, ARCO Products, Los Angeles
- Kirsty Johnston, Chevron Canada, Vancouver
- Margaret Kelsch, Imperial Oil Ltd., Toronto

- Stephen Ker, Victoria
- A.J. King, Parksville
- D.G. Kitson, Powell River
- Miriam Kresivo, Chevron Canada, Vancouver
- Sandra Kruger, Prince George
- J.A. Kupkee, Parksville
- M. Landman, Lund
- Helen and Laurence Laursen, Pemberton
- Barry Layton, Bella Coola
- Michael Leeson, Gibsons
- Leo Levasseur, New Westminster
- Bill Levy, Canadian Petroleum Products Institute, Calgary
- Svend Lindskov Hansen, Campbell River
- GraceLong, Langley
- Bob Lovell, Grand Forks
- Richard Lowe, Marysville
- Darlene Ludwig, Powell River
- Thomas Lundgren, Vancouver
- Dwayne Magoon, Golden
- Wallace Mah, Town of Smithers
- Harry Manak, Vernon
- Jeff Mann, Shell Canada, Calgary
- John and Joanne Marion, Dease Lake
- Yvonne and Frank McCloskey, Powell River
- Cathy McLeod, Village of Pemberton
- Casey Messinger, Creston Esso, Creston
- C.J. Methot, Vernon
- Vince Miele, BC Paraplegic Association, Vancouver
- Lynda and Terry Monuik
- James Murray, Abbotsford
- Ralph Nelson, Queen Charlotte City
- David Nickoli, Queen Charlotte City
- Elisha Odowichuk, Vancouver
- Colin Ogilvie, Coquitlam
- Mati Ounpuu, Lone Butte
- Anne Parker, Powell River
- Hap and Ina Parker, Powell River
- R.S. Payne, Prince Rupert
- Robert Pellow, Victoria
- Jim and Rae Penman, Parksville
- Norman Peterson, Chilliwack
- Petition, Residents of Princeton
- Barbara Prather, Castlegar
- Ford Ralph, Petro Canada, Calgary
- John Ratel, BCAA, Victoria
- Mark Reder, Government Policy Consultants, Vancouver
- Harry Rehberg, Langley
- Becky Rippel, Nelson
- Michael Roboz, North Vancouver
- Gary Foster and Rod McCartney, Town of Fort Nelson/Northern Rockies Regional District
- Carl Romer, Vernon
- Gary Rupert, Victoria

- Roger Rye, Kimberley
- Fred Scharf, Petro-Canada, Calgary
- Sharon Schnurr, Richmond
- Hart Searle, Imperial Oil, Calgary
- Manju Sekhri, Independent Regional Gasoline Marketers Association, Etobicoke
- Glenn Selbee, Powell River
- Al Shannon, Canim Lake
- E.A. Silvester, Powell River
- K.H. Smith, Saanichton
- Peter Solvonuk, Burnaby
- Rieky Steer, Powell River
- Al Stephenson, Powell River
- Jim Strachan, Vernon
- Brian Sullivan, ARCO Products, Seattle
- Neil Taylor, Terrace
- Rick Telford, Ucluelet
- Gordon Thomas
- D.E. Thorsteinson, Victoria
- Ken Tunnicliffe, Burnaby
- M.B. Unger, Powell River
- Robert and Colleen Vandekerkhove, Vancouver
- Bill Vanderland and Jack Hannam, Peace River Regional District
- Randy Van Horn, Surrey
- Dave Verwoerd, Abbotsford
- Edward Wampler, District of Port Edward
- Anne Watters, Gibsons
- Graeme West, Peachland
- Patricia Williams, Grand Forks
- Rosanne Winnig, Fernie
- Judy Wish, Canadian Petroleum Products Institute, Calgary
- Lorne Wood, Qualicum Beach
- Marvin Wood, Castlegar
- Garry Wookey, Prince George
- Kelly Yee, Saanichton

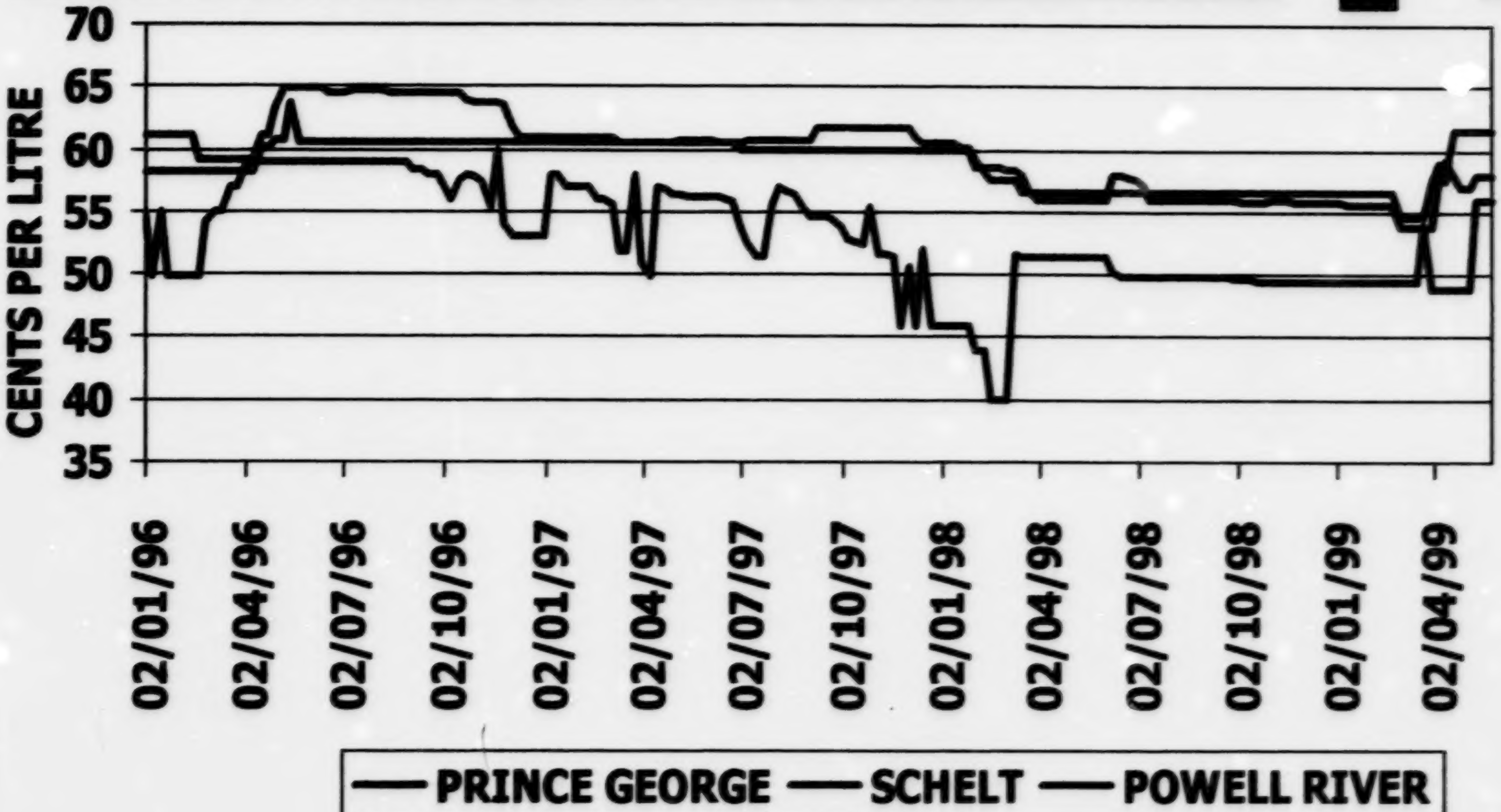
Gasoline Retail Price in Three Regions
Spot Weekly 1996-1999

Canadian Petroleum Products Institute — Western Division



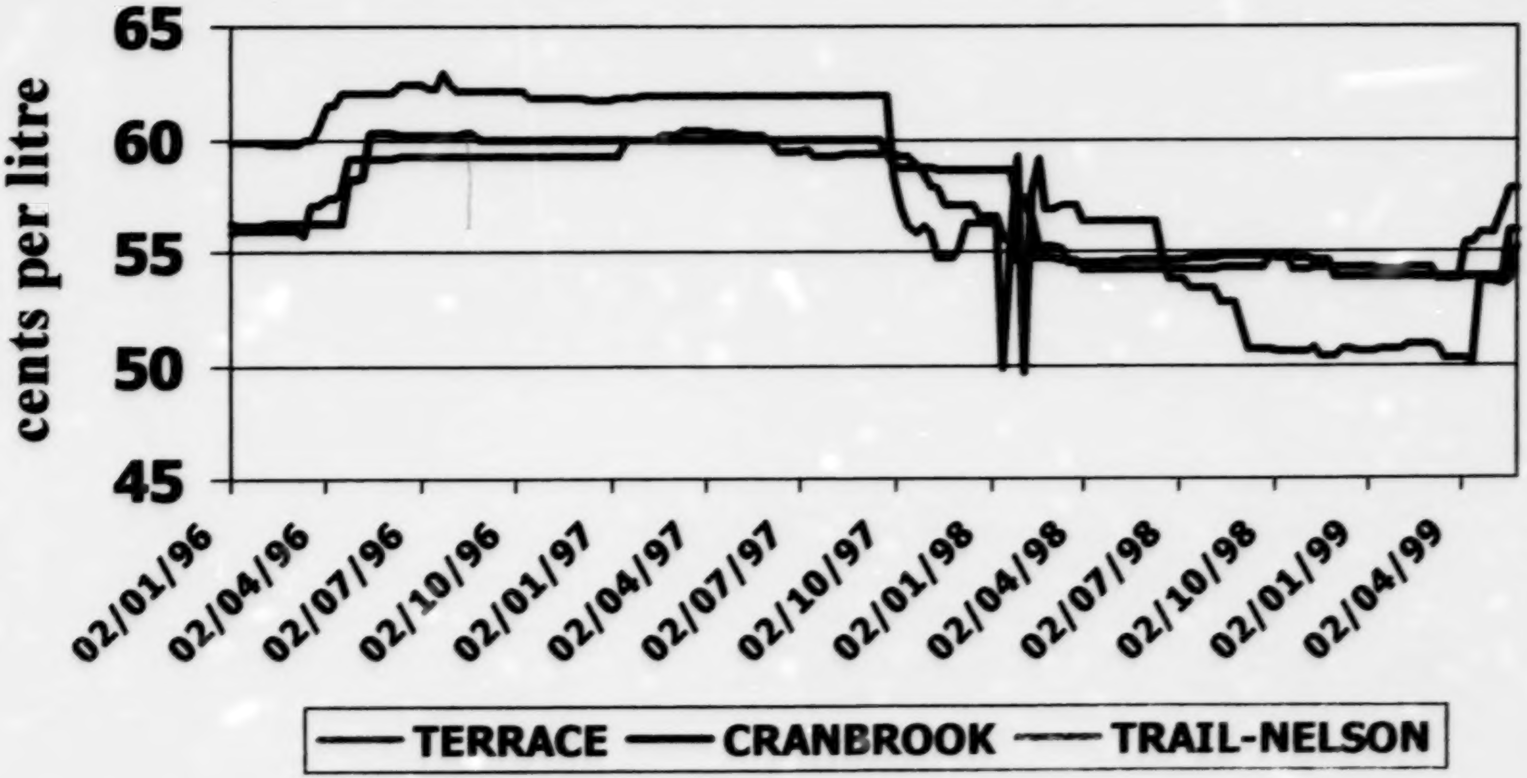
GASOLINE RETAIL PRICE IN 3 BC MARKETS 1996-1999

Canadian Petroleum Products Institute — Western Division



RETAIL GASOLINE THREE BC MARKETS 1996 TO 1999

Canadian Petroleum Products Institute — Western Division



GASOLINE PRICE IN TWO BC MARKETS 1996 - 1999

Canadian Petroleum Products Institute — Western Division